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25X1 The following is a summary of a book written by CH'EN Pai-ta (陳伯達),
Communist author of The Four Families giving the Chinese Communist
propaganda line on YEN Hsi-shan. The translation was made from the second
edition published in June 1946 by the Hsin Chung Kuo (New China) Publishing
Company (新中國出版公司). HSU Ch'ang-ming is the publisher.
25X1 on Peiping students' anti-YEN propaganda.

YEN Hsi-shan, the Local Emperor (a summary)

General Comments on YEN Hsi-shan (August 1944)

In a recent interview with a group of Chinese for foreign correspondents, YEN
Hsi-shan reportedly criticized the Chinese Communists.

In 1935, when the Japanese imperialists advocated their anti-Communist policy,
YEN was one of the first to voice his support, and his book, Cooperative Certi-
ficates and Distribution according to Labor, written in Dairen in 1931, was then
published as anti-Communist propaganda.

After the outbreak of the Sino-Japanese War, even though the Chinese Communist
Army assisted YEN on the Shansi front, YEN was still anti-Communist, although
his anti-Communist ideas were latent to the extent that they were not publicly
expressed in the newspapers. In July 1938, at a conference of high-ranking
military leaders of Shansi and Suiyuan Provinces, YEN made a speech entitled
"Development of a Centr. l. Idea", in which, instead of criticizing the Japanese,
he fiercely attacked the Chinese Communists. Up to this time the Chinese Com-
munists had tolerated YEN's attitude in the hope that he would one day change
it and unite with them against their common foe, the Japanese. But the silence
and tolerance of the Chinese Communists only encouraged YEN to voice harsher and
more unfair criticism of them.

To these attacks, the facts are the most effective answer. The following are
analyses of YEN's more significant ideas and activities.

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CONFIDENTIAL1. His Viewpoint

All the political theories and economic principles proclaimed by YEN Hsi-shan before and during the war were aimed merely at maintaining his sovereignty in Shansi Province. Even his own representatives have admitted that his only purpose during that time was to prevent Shansi's capture by the Chinese Communists. He absolutely refused to wage war against the Japanese.

YEN's views and opinions can be easily detected from his speeches. In a speech delivered in December 1939, he stated, "If those who have access to political power understand the law of survival of the fittest, they can hold their power forever." (See page 248, Second Edition of YEN Hsi-shan's Collected Writings.)

In another speech, delivered in February 1940, he stated, "After the incident at Marco Polo Bridge, I conferred with Central Government leaders; one of our problems was how to attain political solidarity. Since then, this has become the most important and most difficult problem of the anti-Japanese war."

But YEN did not expect to participate in the anti-Japanese war. He was interested only in those activities which would protect his own position. Shansi has been under YEN's control for more than 20 years, and it was supposed to be the "model province". Facts have proved the contrary to be true. The economic system in Shansi has collapsed, as YEN has admitted in his own words: "Nine out of ten families are poor and nine out of ten villages are deserted." From that statement we can see the plight of the people under YEN's autocratic administration.

In 1935 YEN suggested two methods of combatting the Chinese Communists. One was fascism; the other, agricultural socialism, or agrarianism. The aim of the fascist method was to compel the rich to cooperate with the Central Government against the Chinese Communists. The agrarian reforms were intended to abolish private ownership of land by substituting public landownership. This abolition of private landownership was fundamentally tantamount to Chinese Communist principles; YEN, fighting fire with fire, considered his land policy an effective means of combatting Communism.

But in the Chinese people there exists a strong democratic spirit, and when the Sino-Japanese war broke out, the people of Shansi did not approve of YEN's fascistic, anti-Communist ideas, but assisted the Chinese Communists in fighting the Japanese. Only when the Japanese Army advanced towards Shansi to threaten his very stronghold did YEN cooperate with the Chinese Communists.

The ironic fact is that YEN has a political philosophy peculiar to himself, one aspect of which he calls the "Fundamental Theory" and the other of which he calls the "Correlative Theory". In application, the Fundamental Theory is constant, while the Correlative Theory varies with the circumstances to which it is applied. YEN applied the first to maintain and consolidate his position and the second to play a profitable role in the anti-Japanese war, so that the two theories supported each other. The Correlative Theory allowed him to cooperate with both the Chinese Communists and the Japanese, thereby supporting the Fundamental Theory, which was to maintain absolute control over Shansi.

When the war reached a more critical stage and the Japanese were trying to persuade the Chinese to surrender, YEN played a dual role. While he shouted for national revolution, he let the Japanese forces clean out the Chinese Communists. Furthermore, he had a secret agreement with the Japanese by which he was to return to Taiyuan when the time came, and by which his headquarters in western Shansi would become an anti-Communist center.

The controversy between YEN and the Chinese Communists was based only on the difference between their aims: the aim of the Chinese Communists was to benefit the people; YEN's was to benefit himself.

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The theory behind YEN Hsi-shan's new economic system is the "Soldier-Farmer Union". Briefly, this system is as follows:

All men of enlistment age are divided into groups of three. . . these are called Farmer-Soldier Cooperative Groups. One of the three men in each group must join the regular army and fight at the front, while the other two must join the militia and work simultaneously as farmers or laborers to support the man in the regular army. Those in the militia join with all other persons capable of farming and form groups of three, the militiaman being the group chief and the other two, his assistants. A plot of land is allotted to each of these groups and the products divided according to each individual's work. Thus, all available land is divided into small plots, a standard plot being one which is capable of producing 20 piculs of rice annually.

The distribution of farm products is as follows:

- a. Land taxes, taxes paid in kind, food donations and war bonds take up 30% of the product.
- b. Five percent of the product goes to the landlord for rental.
- c. Fifteen percent of the product goes into the purchase of seeds, fertilizer, etc.
- d. The remaining 50% is divided among the laborers. Each militiaman must then give the man he supports in the regular army 2.5 piculs of wheat and five catties of cotton, so that each regular soldier receives a total of five piculs of wheat and ten catties of cotton per year. (See YEN's article on the Soldier-Farmer Union, published in the Second Edition, Vol. Nine, of Revolutionary Activities magazine.)

YEN claimed that his economic system was his own creation, but actually he copied this system of land distribution from the Russian Czars, who used it to shackle the farmers to the land. In other words, YEN put industry, personal property and the body and soul of the farmer under complete and drastic military control.

According to this system:

No one may own land except those eligible to join the militia.

A militiaman is allowed to own only one plot of land.

The plot allotted to a militiaman can be reduced but never increased. Where land is scarce, two militiamen may receive but one plot.

Women may not own land, since they are not eligible to join the militia.

If a militiaman leaves his village, he forfeits his land.

If a militiaman changes his profession, he forfeits his land.

Before receiving land, a militiaman must pay all his back taxes.

Before receiving land, a militiaman must take an oath, promising to pay his taxes on time.

YEN not only binds the farmers to the land but also restricts them to the village boundaries. Once a farmer becomes a resident of a village, he is not allowed to change his residence without the government's permission. If a farmer refuses to pay his taxes, YEN deprives him of his land. YEN claims that a farmer pays not more than 35% of his total production in land rent, taxes, donations, etc., but this is not true. In addition to those fixed levies, there are innumerable miscellaneous taxes, contributions, etc., which are not even mentioned in the official register. According to financial reports, a farmer actually turns in 86% of his total annual production to YEN, but YEN still claims it is not sufficient. . . if it is not, it is because, after 20 to 30 years of exploitation under his control, the fertility of the soil has decreased.

YEN knew that the quality of land varies, so he classified the farm areas, arriving finally at seven groups and 21 classes. The sizes of plots range from 30 to 150 mou (one-sixth of an acre). A plot of land in the first class of the first group is 30 mou, while one in the 21st (third?) class of the seventh group is 150 mou. Naturally, the amount of labor, fertilizer and seed required for the latter plot of land is greater than that required for the former. Yet YEN expects the farmers to pay equal taxes.

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After paying their taxes, the farmers have very little money left for themselves; so they must use their spare time to carry on other businesses to earn some extra money. But here again, YEN has a special plan to enlist the services of men and women. A farmer is required to render a maximum (minimum?) of four months of public service each year. So, in a year, more than 85% of the farmer's production and one-third of his time are surrendered to YEN.

Moreover, a farmer may not change his profession. Thus, high taxation, forced labor and restriction to his profession are three sides of a triangle imprisoning the farmer and rendering him a helpless victim of YEN's reactionary rule. YEN likes to compare his land policy with that of the Chinese Communists and concludes that the Chinese Communist land policy is not favored by the people because the Chinese Communists "distribute the land to the people but take back the produce." Indeed, in Chinese Communist areas, the government does sometimes commandeer cereals, but the people feel it their duty to support their government in resisting the Japanese invasion and thus protect their homes. Moreover, rents and rates of interest have been reduced, and the army, schools and other organizations encouraged to become as self-sufficient as possible, in order to minimize the people's burden. At present the Chinese Communist Government taxes the people only 14% of their income... 20% of the total population is exempted from taxation because of poverty. Under YEN, however, the people pay 86% of their income in taxes to his autonomous government. Yet YEN calls his economic system the favorite of the farmers! Aside from his own approbation, we have heard of no other from anyone. On the contrary, most men of enlistment age in Shensi falsify their ages in an attempt to avoid military conscription, and many of those already in the service try to desert the ranks. This is their answer to YEN Hsi-shan.

YEN claims that his economic system is based on "Distribution According to Labor", but actually it is based on "Robbery According to Labor". Those who object to being robbed are immediately branded as reactionaries. When YEN was sojourning in Dairon, shortly before the Manchurian Incident in 1932, he invented the "Cooperative Certificate" as a substitute for money based on metal and at the same time perfected his theory of Distribution According to Labor. Actually, he stole this principle from Communism and of that principle he had no clear conception whatsoever. He also cited another Communist principle, "Distribution According to Necessity", in attacking the Chinese Communists, accusing them of employing that method to reap all the fruits of labor of the common people.

YEN also found a historical justification for his system. He claims that his Distribution According to Labor is similar to the ancient "well" system of land division. (YEN: This was a system whereby a piece of land was divided into nine parts, so as to resemble the Chinese character for "well" / 井 / Ching/, and cultivated by eight families. The produce of the central portion was claimed by the state.) In recent years, while he cooperated with the Japanese, YEN had an opportunity to test his Soldier-Farmer Union System... a modernized "well" system. But this ancient system is a black mark in history, since it benefitted only the landlords, and, as such, it died a natural and inevitable death. So shall YEN's Soldier-Farmer Union, a modern counterpart of the old "well" system, never survive. In history, once a social, economic or agricultural system has passed, it can never return, for society is ever changing, ever advancing.

YEN also claims that over-production is a shortcoming of capitalism. In so doing, he exposes his ignorance of the fact that China is not suffering from over-production but from inadequate production. Inadequate production is the result of feudalism and monopoly of capital by government officials. The Chinese Communists admit the historically progressive nature of capitalism and recognize it as an intermediary stage in attaining socialism. But YEN and the group of people represented by CHIANG Kai-shek's China's Destiny deny completely the progressive nature of any such "laissez-faire" economic system and praise only the economic and political systems of the feudal era. YEN opposed "blockade economy" and advocated free trade with the Japanese, but within the area under his control, people were not allowed to trade freely even among themselves; they were "blockaded" in their villages after being given a plot of land.

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In 1935 the Central Government established the Chinese National dollar as the nation's legal tender. Not long afterwards, YEN issued his "Cooperative Certificates" through the provincial government. The fault of this system was that the people could not purchase the same amount of goods with the one-dollar cooperative certificate as they could with the CND dollar. YEN set up his monetary system in order to monopolize all surplus products of the Shansi people, since small-scale farmers and producers in the province are scattered and distant from the markets.

YEN's "economic ideas" are but reflections of the backward agricultural economy of Shansi. He is the absolute head of the ruling group composed of big landlords, merchants, militarists and bureaucrats. On one hand, this ruling group used the Sino-Japanese war as a means of maintaining its power over Shansi Province, and on the other hand, originated the Soldier-Farmer Union to commandeer more men and cereals from the people. YEN also advocated the abolition of private business. This resulted simply in the transfer of all private business to the government. In short, as YEN himself once said, "Our new economic system is controlled economy." This "controlled economy" is nothing but another name for neo-feudal economy, and as the old feudal economy failed, so is its modern counterpart, the controlled economy, bound to fail.

3. His Political System

YEN idolized Hitler and Mussolini and was enthusiastic toward the ideas they advocated. In 1939 YEN compared the progress of Germany with the speed of an airplane. He copied his political system from the fascists, going even so far as to mimic the rites they used to honor their dictators. To these ceremonies he added those

followed by the rulers of the Manchu Dynasty. All his subjects were required to take an oath that they would never betray their "emperor", and the punishment for slandering the "emperor" was death. YEN also set up numerous secret service organizations, the largest among them being the "People's Revolutionary League", to spy on the people and his followers. Like the fascists, YEN also covers his dictatorship with a mysterious veil to protect and strengthen his authority. For example, he ordered his staff members to emphasize the mysterious meaning of the word "organization" in giving military training to the people, so that the mere mention of the word, by which YEN really meant himself, would throw a magic charm over the people, making them his slaves.

YEN has classified human beings according to four groups:

- a. The people: the body of persons which makes up a nation, including males and females of all races and ages.
- b. The populace: those who are capable of participating in politics.
- c. The mass: those who are selected from the populace for organization.
- d. The organization: the group of people who are striving for the same goal, believing in the same political principle, obeying the same rules and regulations. It is composed of leaders, staff members and the mass.

According to YEN's theory, the "people" must be enslaved and ruled; the "populace" must be influenced by fascist propaganda and converted into a political asset; and the "mass" should become the ruling group in his fascist regime under the guidance of the "organization".

YEN's neo-feudalism in economy is completely reflected in his politics. Under his reign, the people have absolutely no freedom. To YEN, people are only inanimate objects of his political schemes. His rare display of kindness to the people is only a veil to cover his political ambitions.

4. Conclusion

As Mussolini has failed, so shall YEN Hsi-shan.

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